

CITY OF MORGAN HILL
JOINT REDEVELOPMENT AGENCY AND
SPECIAL CITY COUNCIL MEETING
MINUTES - SEPTEMBER 27, 2000

CALL TO ORDER

Chairman/Mayor Kennedy called the meeting to order at 7:03 p.m.

ROLL CALL ATTENDANCE

Present: Agency/Council Members Chang, Cook, Sellers, Tate and Chairman/Mayor Kennedy

DECLARATION OF POSTING OF AGENDA

Agency Secretary/City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code Section 54954.2.

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Mayor Kennedy read a Proclamation Declaring First Monday 2000 as *Unite to End Gun Violence*.

PUBLIC COMMENT

Mayor Kennedy opened the floor to public comment for items not on the agenda.

Agency Member/Mayor Pro Tempore Tate thanked City staff and the City Council for attending the El Toro Youth Center ground breaking expansion ceremony. He said that citizens have volunteered their labor to help built the expansion. He indicated that grant monies are available but not enough to complete the expansion. He said that approximately \$60,000 in additional funds are needed to complete the project and that the Morgan Hill Rotary has recently agreed to contribute \$25,000 toward this project as has the Anritsu company.

No other comments were offered.

Redevelopment Agency Action

CONSENT CALENDAR:

Action: On a motion by Vice-chairman Sellers and seconded by Agency Member Chang, the Agency Commission unanimously (5-0) **approved** Consent Calendar Items 1 and 2 as follows:

1. AUGUST 2000 FINANCE AND INVESTMENT REPORT

Action: Accepted and Filed Report.

2. REPLACEMENT HOUSING PLAN FOR THE CHURCH STREET HOUSING PROJECT - Resolution No. MHRA-224

Action: Adopted Resolution No. MHRA-224 Adopting the Replacement Housing Plan for the Church Street Housing Project.

At the request of Agency Member Cook, Business Assistance and Housing Services Specialist Maskell presented an overview of the Church Street Housing project. She indicated that the project will eliminate a blighted area and provide clean, affordable housing.

OTHER BUSINESS:

3. LIBRARY SITE SELECTION STUDY

Business Assistance and Housing Services Specialist Maskell indicated that three potential library sites have been identified and ranked in the following order: 1) West Edmundson, East Dunne and a vacant portion of land behind City Hall (DeWitt). She requested that the Agency accept the final draft study prepared by Frants Albert Associates and that the Redevelopment Agency rank the sites.

Recreation Manager Spier presented the timeline that staff has worked out with the County Library regarding the process. She indicated that on August 1, 2001, the Proposition 14 criteria report is expected to be released with applications for funding being made available October 1, 2001. She stated that staff is trying to get in line to be able to apply for Proposition 14 funding. She indicated that County Library staff has indicated that those cities that have a site selected and design in place will rate higher under the Proposition 14 criteria.

Agency Member Chang asked how much funding can be anticipated from Proposition 14 to help contribute toward the construction of a library project? Ms. Spier responded that 65% could be granted and that the Redevelopment Agency would need to provide 35% in matching funds. The minimum amount of grant that will be allocated is \$50,000 and up to a maximum of \$20 million per project which can include land acquisition and the design/architect fees.

Agency Member Chang said that a few years ago, the Library Authority stated that they would only grant funding for a 14,000+ square foot library building. She asked if this criteria would be applicable? Ms. Spier responded that this is not part of the grant criteria but that it is part of the Joint Powers Authority (JPA) criteria.

Agency Member Tate said that the agreement with the JPA is to fund the design. The Agency is to fund the site study and design work for the library. He indicated that last year, city managers came to an agreement that there would be no further discussion about JPA funding for the construction of a library until after the Proposition 14 questions have been resolved. He said that more work still needs to be done.

Agency Member Chang said that it is unknown as to the financial package that will be offered to the City. She felt that the Agency will be working in a vacuum as no money is being offered and that the Agency is considering a library site at this time.

Chairman Kennedy asked how much funding has been earmarked for the library project? Executive Director Tewes responded that the CIP has allocated \$5.4 million for the library.

Agency Member Chang recommended that an overall package be prepared for the three sites with staff's best guesstimate with Proposition 14 funding.

Ms. Spier stated that library funding will be competitive under Proposition 14 as there will be four times the amount of funds being requested than will be made available.

Agency Member Tate said that the JPA has deferred further discussions on funding at this time as there are not enough answers at this time. The JPA is not committed to the square foot per population construction that they were at one time as the funds do not exist.

Agency Member Cook indicated that she down loaded 19 pages of frequently asked questions about Proposition 14. She said that these pages answer a lot of similar questions. She stated that it would be a benefit to the city to be far along in its planning for a library. She felt that it would also be helpful to have funds lined up to submit as part of the proposal for funding.

Agency Member Chang said that it is being requested that a library site be selected this evening. She was trying to include money consideration into the site selection process. She felt that the Agency needs to know the cost to develop a library site at the three alternative sites identified.

Chairman Kennedy asked if staff had knowledge of the estimated cost for land acquisition and/or buildings? Ms. Spier responded that when County Library staff looked at a 40,000 square foot structure, they estimated a cost of \$8 million. She indicated that the County library system funded the existing 13,900 square foot library and felt that they have already paid this portion. Therefore, they will not be helping with the cost for the first 13,900 square feet of building.

Agency Member Tate said that land costs are not known at this time. However, he noted that the figures used for building cost is \$300/per square feet.

Frants Albert said that the process started with five library sites with a result of three sites being offered for Agency consideration. There was a three-step effort in the process, beginning with a research, followed by an analysis which culminated into two public meetings. In the first effort, he set up the method and the evaluation criteria. The most important issue was the criteria that included: site location, site context, traffic and access, site acquisition, public image, optimum use of the site, library service issues, civil engineering issues, geotechnical engineering, and architectural issues. These categories were broken down further into sub categories/attributes in order to rate/score the sites. He indicated that the ideal minimum lot size for a library is 5+ acres in order to accommodate future expansion and a detention pond. He indicated that the

two front ranking sites were Edmundson and East Dunne. Due to the affection of the current site, it has been identified as a site but that it is not considered an ideal site. He indicated that the issues emerged regarding accessibility, centrality and synergies within the boundaries of Morgan Hill.

Chairman Kennedy stated that in looking at the selection criteria graph, it shows the DeWitt civic center site dropping in two categories: 1) public image and 2) civil engineering issues. Mr. Albert indicated that the DeWitt site is located on the off beaten path, creating certain disadvantages in that the site would have the highest site development costs due to the fact that the site slopes and that there is a 18-foot drop from one end of the site to the other. Parking would have to be separated in order to terrace the parking and that there would be a need to create a detention pond. He said that there are problems associated with handicap accessibility due to the slope of the DeWitt site. He said that the civil engineer has determined that the DeWitt site would have greater costs. He guesstimated that it would cost \$2 million to grade the Dunne Avenue site and \$3 million for the other sites. He said that the approximate differences would be \$700,000 for each site. In terms of public image, it is felt that the DeWitt site is a secluded site and does not sit up front onto an arterial.

Agency Member Chang said that at \$300/square feet for a 40,000 square foot building would result in a cost of approximately \$12 million to build a library. If the City purchases a site for \$5 million, it would result in a cost of \$17 million for the library project. She felt that 65% assisted funding is very important. She said that a 28,000 square foot building would result in an estimated cost of \$8.4 million in building cost. Using \$5 million to purchase a site, the cost would be \$14 million for a library project.

Mr. Albert said that soft costs need to be included, increasing the cost by an additional 25%+. He said that the Edmundson site has an edge over the East Dunne site as people will shop and browse at the Vineyard Town Center, noting that these are impulse issues which tend to reinforce each other. He felt that the Agency/City has a good chance in competing for Proposition 14 funds. This can be demonstrated with the submittal of a good application and the fact that the City will be ready to submit an application. He noted that the DeWitt site is an asset in the City's books.

Vice-chairman Sellers inquired whether the 19 web pages contained specifics that Agency Member Cook found would qualify or disqualify a site for Proposition 14 funding? He asked to what degree can the Agency approach an application for a primary site, in association with an alternative site?

Agency Member Cook stated that a criteria that caught her attention was the fact that priority is to be given to a joint use project in which the Agency cooperates with the library and/or school district with a cooperative agreement in place. She noted that this issue has not been addressed in the Agency's planning. She noted that there are also seven other criteria that the City will not do well under.

Agency Member Tate indicated that library representatives are meeting with the School District and Santa Clara County Library staff to explore all possible mutual actions that will fulfill this requirement. Therefore, it was his belief that the agencies are working toward meeting this criteria. He did not believe that the nexus has to be a physical one.

Chairman Kennedy felt that it was important to bring in the necessary assistance to ensure the Agency's best opportunity in receiving funding for a library.

Evelyn Kobayashi presented the report on the professional analysis prepared by Mr. Albert and Ms. Strong, the community outreach coordinators. She stated that the recommendation of the Edmundson Avenue site was not her original top preference. However, she changed her mind after becoming acquainted with new information during the site selection process. She said that the steering committee explored the options thoroughly before reaching a reasonably sound conclusion. She felt that the unanimous endorsement of the Library Commission, volunteer appointees of different professions and different neighborhoods and ages should count strongly in the acceptance of the Albert report. She recommended that the Agency Commission act on the recommendation at the earliest date. She said that Library Commissioners and steering committee members from the Friends of the Library volunteered at the Taste of Morgan to talk to the public regarding the library site selection. When presented with complete information, many people favored the Edmundson Avenue site. The position paper before the Agency is a collaborative effort with the main author being Chuck Dillmann. A main point in the position paper in the Albert report is the perceived advantage of drawing together members of the community for constructive and varied activities at one site adjacent to the largest city park. She noted that Edmundson Avenue is a varied commercial district in Morgan Hill. She felt that the combination of private and public amenities near the new library would greatly improve the quality of life for all residents and will also raise Morgan Hill's prestige in the wider community in the bay area. She requested that the Agency be responsive to the site criteria such that it is suitable for the future of a growing community.

Chairman Kennedy opened the floor to public comment.

George Nadel noted that a lot of time and money have been spent on this project. After studying the consultants report, he felt that a greater importance needs to be given to vehicle traffic versus pedestrian traffic and access by school children. In an effort to be futuristic, the committee based its recommendation based on things that might not happen such as Proposition 14 funding, bike trails, and/or a friendly community park at night. He could not see tranquility building a library next to a shopping center. He felt that the City Council would be more comfortable if it went out to receive public input before making a decision.

Mary Jenkins felt that it was important that the library remain at its current location and that it be upgraded, including parking. She noted that five different schools are located within walking distance and that adults depend on the library because they can walk to it.

Marian Smith indicated that a petition has been circulated and that individuals signing the petition have indicated that "if it isn't broke, don't fix it." She agreed that a new library is needed as the current library is crowded. She would like to see a new library built on the west site of the civic center, freeing up the existing library for other uses. She felt that a 40,000 square foot library building is too large. Proposition 14 states that a library is to be used for 20 years. She said that in 20 years, another branch can be built in another part of the city. She felt that the DeWitt site is a nice place to live based on existing churches, schools, convalescent hospitals, civic center and the library. It would benefit the entire city to retain the library in its

current location. She indicated that a group of individuals collected a total of 1,549 new signatures in support of the current DeWitt site. She resubmitted the 1,270 signatures collected approximately two years ago, bringing the total to 2,819 signatures. She requested that the City Council consider those individuals who like to see the library remain in its current location.

Phyllis Thomas supported retaining the library in its current location but recommended that it be modernized. She noted that many residents reside in the area and are able to walk to the library. If relocated, the library would not be accessible to students of Morgan Hill. It was her understanding that the City Council wanted to keep Morgan Hill small. If relocated, it would result in sprawl in all directions.

Sylvia Hamilton, 25-year San Martin resident and recently retired Martin-Murphy Middle School math teacher, stated that the only problem with the current site is the hours. She felt that the current library site is central to the School District. She read a letter from Rick Page, Parks and Recreation Commissioner Co-chairman, requesting that the Council look at safety, the general location and quiet setting. He supports building a new library at the DeWitt site.

Carol Khan stated that when she voted for the initial Redevelopment Agency, it was indicated that tax monies would stay within the Project Area to be used to improve homes and update the services in the area. The library and the senior center are key services to the area and one of the reasons she bought her home in this area. She felt that the relocation of the library to another area would be in violation of the promises made when the initial Redevelopment Agency expansion was undertaken.

Albert Khan expressed concern that there is consideration being given to move the library to another site. He felt that the existing library has served the community well for over 20 years. He said that the children are important to the community and that the library will provide them with a good foundation.

Eunice Coates requested that the library be kept in its current location as it is central to Morgan Hill. Moving it to Edmundson Avenue would result in its location at the perimeter of Morgan Hill. She expressed concern with the relocation of the library to Edmundson Avenue due to it being located in a rough area and is subject to vandalism and graffiti.

Paula Dennerly, parent of four children and a teacher at PA Walsh, stated that PA Walsh is located in an area that has a lot of economically disadvantages students and that the proximity of the library is a benefit to them. Moving the library to Edmundson Avenue would result in individuals driving to the library.

Robert Benich stated that the current library is located in a unique location and that intuitively, it is a logical choice to retain the library in its current location. Its location is great for a population of 20,000-30,000 people, stating that it is estimated that a population of 50,000 would be reached by the year 2020. He said that he attended the public meetings, listened to the library commission, heard from the consultants and that they changed his mind. He supported its relocation because the current location has many negative factors. The City Council has to consider the needs of its current populace as well as its future. He did not believe that the current site can accommodate a population of 45,000-50,000. He requested that the City Council vote to approve the library at the Edmundson location.

Chuck Dillmann indicated that he is a member of the library commission but that he was speaking as an individual. He noted that the City Council has expressed concern with cost figures in the amount of \$13 to \$17 million. Based on his engineering, construction and design experience, he felt that expansion of the current library or the construction of a new library on DeWitt would be difficult based on the 18-foot grade difference and the need to install a retaining wall. Also, the library would need to be built to comply with the American Disability Act. He recommended that the library site selection be done in a cost-effective manner.

Carol Holsgrafe stated that every issue raised this evening have been thoroughly discussed in Library Commission meetings and the newspaper. She noted that those in attendance did not attend the library commission meeting to provide input or to ask for clarification. She said that she attended the Taste of Morgan Hill this weekend and that she was able to interact with other community residents. She tried to explain both positive and negative aspects for each of the three sites, noting that not one family chose the current site except for a young couple with two children. She noted that the City Council charged the Library Commission to choose the best library site for the entire community.

Robert DeWitt stated that his handicapped children use the existing library extensively. He supported two library sites, one on DeWitt and the other at Edmundson to accommodate future growth when Cisco develops.

Evelyn Kobayashi stated that there are a number of outreach efforts from the County Library services that are effective and could be made more intense. The City-School Liaison Committee has several interesting ideas such as the use of grant funding for the purchase of a van that could take city or library volunteers to different schools to offer assistance. She felt that benefits to the entire community need to be considered. She stated that she attended a Parks and Recreation meeting held in August and heard Mr. Page indicate that he was interested in having the Edmundson site reserved for a permanent skate board park.

No further comments were offered.

Action: *On a motion by Agency Member Chang and seconded by Vice-chairman Sellers, the Agency Commission unanimously (5-0) **Accepted** the Final Draft Site Selection Study ("the Study") Prepared by Frants Albert Associates*

Agency Member Tate indicated that he was appointed to serve on the Joint Powers Authority that he was the City Council's representative to the Library Commission, and that he was appointed as the Council's representative to the Library Site Selection Committee. He said that he listened to everyone's opinion with an open mind. He stated that he experienced a conflict with the site selection process and that he was in conflict with himself due to the fact that many citizens are in support of the current library site. He indicated that he has lived in Morgan Hill since 1977 and that he enjoys the current library site. At the onset, he felt that the decision was a simple one, retaining the library at its current location and not study the issue further. He said that one needs to review the evidence with an open mind and listen to the consultants. The Committee selected Frants Albert to conduct the site selection study. Mr. Albert proposed a logical approach to take the criteria and apply numerical values, weighing the sites. The criteria was analyzed and that he requested that additional criteria be added as he was in support of the library's current site at the time. He

wanted to make sure that the criteria reflected every possible way that the site could be scored. He did not understand the process the first time but that over time, he was convinced that this was a good approach/process. He understands the study and accepts its recommendation. He felt that there were a lot of positive aspects associated with the Edmundson site such as its adjacency to Community Park. If the Edmundson site is selected, he recommended that focus be given to making the area safe for residents walking to the park and future library site. He supported the study's conclusion that the Edmundson site is the best site for the library.

Agency Member Chang stated that when there was discussion about the location of the library site, she was supportive of a library, no matter its location. She expressed concern with the cost associated with building a library and its accessibility to citizens. She noted that the Edmundson site has been sold under contract and that it may take a year or two before one can get out of the contract. She did not want to eliminate the Edmundson site at this time. She recommended that the Council wait to see what happens with the Edmundson property contract. If the Edmundson site is eliminated, the only two other sites available are the East Dunne and DeWitt sites. This would result in a different comparison. She also requested additional information on Proposition 14.

Agency Member Cook stated that her primary goal is to get the library built and that the City attain Proposition 14 funds. She felt that the first step required in the process is to own and control the property so that the City can begin to plan the process. She noted that the City/Agency does not own the Edmundson site. She also noted that the Redevelopment Agency, when it went on the ballot, stated that it would never use eminent domain. Therefore, she felt that the Agency's leverage is lost. She noted that there are many redevelopment agency projects that the Agency wants to complete. She said that the Agency/Council has to make decisions. She recommended that everything be placed in sequence so that plans can be made, site design completed and that the City be in the best position possible to compete for Proposition 14 funds. She stated that her two primary sites are Edmundson and DeWitt.

Vice-chairman Sellers concurred with Agency Member Cook's comments. He felt that the Agency has to move aggressively toward land acquisition of the site for the good of the community. He felt that the site selected for the library will have significant impacts on two or three other major projects being considered. He noted that the city is in the process of completing the parks master plan and that if the Edmundson site is selected for the library, it may affect decisions to be made on the parks master plan. If a decision is made to build the library at the civic center, he felt that city hall may be retained in its current location for a long time. Another factor to take into consideration is the location of current school sites as well as the location of future schools. He felt that the locations of future schools are factors that weigh heavily in the decision making process. The General Plan Task Force is trying to work with the School District to identify additional school sites. He did not believe that the City/Agency can wait forever but that there are basic issues that need to be investigated. He felt that the Agency needs to conclude its investigation and move aggressively before August 2001 so that the City is prepared to submit for Proposition 14 funds. He noted that the parks master plan is wrapping up and the School District will be making a decision on the location of the new high school in the next few weeks. He requested that consideration be given to Agency Member Chang's request for additional information in terms of costs. It has been stated that the library is important to students. He felt that the Agency/Council will have to make the right decision, even if it takes a few weeks to get there.

Chairman Kennedy agreed with the comments expressed by his fellow Agency Members. He requested that staff return with the time schedule for this process.

Agency Member Tate said that it will probably be August or September 2001 when the Proposition 14 criteria will be published.

Ms. Spier indicated that the Parks and Recreation Commission will be reviewing the draft Parks and Master Plan in October and November and that a joint meeting with the City Council is planned for December 2000.

Chairman Kennedy asked if the Parks Master Plan process can be expedited? Ms. Spier responded that she would speak with the consultant to see if the process can be expedited.

Vice-Chairman Sellers asked what would it do to the library site selection process if the Parks and Recreation Master Plan was factored in? Ms. Spier responded that she did not believe that it was detrimental to the process if the City Council is willing to make a decision shortly thereafter. In order to keep the City competitive within the process, she recommended that the Agency/City make a decision on the location of the library by January or February 2001. She said that it would take 15 months of work to be ready to compete in the Proposition 14 August 1, 2001 deadline.

Chairman Kennedy said that he would like to have an application package ready months in advance of the application due date. He stated that he would like to move as expeditiously as possible.

Agency Members Cook and Chang noted that only one site is available to locate the library at this time and that it is the current site.

Agency Member Cook stated that she was not opposed to moving ahead and forming a building committee.

Agency Member Tate felt that it may be productive to have a joint meeting with the Parks and Recreation Commission as soon as the Parks and Recreation Master Plan is made available. This would allow sharing of ideas and move the process along. He recommended that the City Council provide its views to the Parks and Recreation Commission at an earlier date (e.g., late October or early November).

Executive Director Tewes indicated that the Parks and Recreation Commission would like the opportunity to review the consultant's report before meeting with the Council/Agency in joint session.

Vice Chairman Sellers said that the Agency/Council could meet with the Parks and Recreation Commission in early December to be followed by an Agency/Council decision on the site by the end of the year.

Agency Member Cook suggested that the Agency have frequent reviews of where the process is as she did not want to lose track. She did not believe that it would be wise for the Agency Commission to wait until February to make a decision as this is a decision that needs to be made sooner. If the Agency is not going to act on this issue tonight, she asked if there are tasks that the Library Commission or the consultant who prepared the report should be looking at? She did not want to get to the point in October, November or

December for the Agency Commission to state that it wished it had additional information.

Vice-Chairman Sellers did not believe that a survey could be conducted that would get through all of the criteria and specifics to do the survey justice.

Agency Member Cook stated that she is not supportive of a survey.

Chairman Kennedy felt that site acquisition is going to be a critical factor. He stated that the Agency/Council is looking at various sites throughout the city for possible acquisition for a variety of purposes. He noted that the market is rising faster than the Agency/City is able to take advantage of.

Action: *Vice-chairman Sellers made a motion, seconded by Agency Member Chang, to **stipulate** that the Agency Commission is to select a site for the construction of a new library by the end of December 2000.*

Agency Member Chang said that with the upcoming election, it is not known who will be sitting on the Council/Agency. She felt that it was important that the Agency Commission look at the financial support that will be needed and to make sure that the Proposition 14 issue is addressed. She recommended that the best site be selected that will require the least amount of funding.

Chairman Kennedy recommended that each Agency Member forward the questions it would like staff and the consultant to answer [e.g., what is the Parks and Recreation Master Plan going to show, will there be multiple needs and desires for the Edmundson site, site acquisition costs, Proposition 14 information that would impact site selection, a detailed schedule in consultation with appropriate professionals, more information readily available on the cost per square foot (matrix of cost for each site)]. He requested that site acquisition be scheduled for all future meetings in closed session.

Agency Member Cook recommended that the DeWitt site be limited further, noting that there are two options in the public's minds: 1) the use and retrofit of the existing building, or 2) construction of a new structure. She felt that a decision would narrow the scope of work.

Action: *On a motion by Vice-chairman Sellers and seconded by Agency Member Chang, the Agency Commission **amended the motion** to limit the decision to the Edmundson, Dunne and DeWitt site. Further, that the DeWitt site would provide for the construction of a new facility and not an expansion of the existing facility. The motion carried unanimously (5-0).*

Redevelopment Agency/City Council Action

CONSENT CALENDAR:

Action: *On a motion by Vice-chairman/Council Member Sellers and seconded by Agency/Council Member Cook, the Agency Commission/City Council unanimously (5-0) **approved** Consent Calendar Item No. 4 as follows:*

4. **HOUSING TRUST OF SANTA CLARA COUNTY - Resolution Nos. 5426 and MHRA-225**
Action: 1) **Adopted** Resolution No. 5426 Making Findings of Benefit to Allow the Housing Trust of Santa Clara County to Use Agency Housing Funds on a City-wide Basis, and 2) **Adopted** Resolution No. MHRA - 225: A) **Authorizing** a Contribution of \$100,000 to the Housing Trust of Santa Clara County and B) **Authorizing** the Executive Director to Execute and Make Modifications as Needed to an Agreement with the Housing Trust of Santa Clara County.

Vice-chairman/Council Member Sellers said that it is important to develop a trust fund because the issue of housing has become critical. He felt that it was important for the public to know that efforts are being undertaken regional to deal with the issue.

Agency/Council Member Cook noted that the money to be contributed is be spent in Morgan Hill.

PUBLIC HEARINGS:

5. **REDEVELOPMENT AGENCY INDEBTEDNESS POLICY**

Finance Director Dilles presented the staff report and indicated that the Finance and Audit Committee has reviewed and approved the proposed Indebtedness Policy concerning indebtedness between the Redevelopment Agency and the City. He requested that the Agency/Council adopt this evening the Indebtedness Policy and related documents in order for the City/Agency to submit its Statement of Indebtedness to the County by the end of this month.

Chairman/Mayor Kennedy inquired how this policy would affect the delivery of projects and asked whether the Agency/City would be able to deliver projects on a timely basis.

Executive Director/City Manager Tewes stated that this is a policy that reconciles two important issues: 1) the Council/Agency's commitment to pursue "a pay as you go" approach as much as possible; and 2) that the Council/Agency identify indebtedness in order to obtain tax increments. The issue of short term borrowing is included within the Redevelopment Plan. The ability to deliver projects is not affected adversely by this statement. The ability to deliver projects will be an issue of cash flow. He said that the Committee will be pursuing short term borrowing options to see if cash flow can be accelerated in order to do more projects earlier.

Agency/Council Member Cook stated that it was mentioned that borrowing would be reviewed annually and that it would be tied to the Capital Improvement Program (CIP).

Executive Director/City Manager Tewes indicated that a critical reason for annual reviews is due to the fact that one must report the extent one has discharged some of the indebtedness in the preceding year. He felt that it was appropriate to coordinate the review with the CIP planning process.

Chairman/Mayor Kennedy opened the public hearing.

Mike Roorda, City Treasurer, stated that this document and the approach to funding the Redevelopment Agency is pioneering, if not ground breaking. He said that the process started in early 1999. He felt that with the assistance of Finance Director Dilles, the Agency/Council has a viable document to act upon this evening. Approving the document in a timely manner would ensure that tax increments are achieved. He felt that the document does a good job of protecting the City while establishing the interest rates of some of the other terms. Tying the process to the CIP plan is a good one as it allows it to be a visible plan. He stated that he has had a strong interest in having a cash flow model for the city and that Mr. Dilles is working toward putting this in place over a five-year period. With this document, he felt that decisions would be more obvious and easier in terms of what funds are available based on projections.

No further comments being offered, the public hearing was closed.

Action: *On a motion by Vice-chairman/Council Member Sellers and seconded by Agency/Council Member Cook, the Agency Commission/City Council unanimously (5-0) **Approved** the Indebtedness Policy.*

Action: *On a motion by Agency Member/Mayor Pro Tempore Tate and seconded by Vice-chairman/Council Member Sellers, the Agency Commission/City Council unanimously (5-0) **Adopted** Resolution No. 5427 and Resolution MHRA-226 Approving the Advance and Reimbursement Agreement between the City and Agency and Making Certain Findings.*

Action: *On a motion by Agency/Mayor Pro Tempore Tate and seconded by Vice-chairman/Council Member Sellers, the Agency Commission/City Council unanimously (5-0) **Adopted** Resolution No. 5428 and Resolution MHRA - 227 Approving the Agreement for Advance and Reimbursement of Administrative and Overhead Expenses.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

- < Policy relating to relocation of retail businesses away from shopping centers, including compensation suggestions (Chang)
- < Policy relating to new information presented from time Commission hears an item to the time item reaches City Council (Cook)
- < Discussion regarding the establishment of a group/committee/commission whose mission is to solicit donations for ancillary services (e.g., community center) (Sellers)
- < Discussion regarding the process for goal setting sessions (Tate)
- < Discussion regarding traffic congestion occurring in town. (Chang)

City Manager Tewes confirmed that public assistance was not accepted by Rite Aid, noting that its development was privately financed.

Agency/Council Member Cook clarified that the Agency/City Council offered a loan to Rite Aid. However, Rite Aid did not accept the loan.

CLOSED SESSION:

Agency Counsel/City Attorney Leichter announced the following closed session item:

1.

CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

Legal Authority:	Government Code 54956.8 & 54956.9(c) (1 potential case)
Real Property(ies) involved:	APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Road (St. Louise Hospital property)
City Negotiators:	Agency Members; Executive Director; Interim Agency Counsel; and F. Gale Conner, special counsel
Closed Session Topic:	Potential Litigation

PUBLIC COMMENT

Chairman/Mayor Kennedy opened the closed session item to public comment. No comments were offered.

ADJOURN TO CLOSE SESSION

Chairman/Mayor Kennedy adjourned the meeting to closed session at 10:40 p.m.

RECONVENE

Chairman/Mayor Kennedy reconvened the meeting at 11:25 p.m.

CLOSED SESSION ANNOUNCEMENT:

Agency Counsel/City Attorney Leichter announced that no reportable action was taken on the above listed closed session item.

ADJOURNMENT

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 11:26 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, Agency Secretary/City Clerk